

Government of Madras
Development - (1950) Department -

Form No 2525 -

Dated 24-6-1950

James
H

b

Abstract -

Acts and Rules - State Aid to
Industries Act - M/s The Purnima
Straw Board and Paper Mills Ltd.,
Hoodbide - Loan of Rs. 80,000 / -
Cancellation of the grant of the
loan - Reconsideration -
orders passed.

58th of the Board of Industries
Extract of the proceedings of the meeting held on 25-5-1950

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Application from Messrs. Purnima Straw Board and Paper Mills Ltd.,
Mudbidri.

After discussing the note prepared by the Director of Industries and
Commerce on the subject, the Board resolved as follows:--

"The Board considers that the industry involved is new and useful
and deserves to be assisted, and recommends therefore that Government may
be pleased to review their orders cancelling the loan sanctioned to Messrs.
Purnima Straw Board and Paper Mills Ltd., and make the loan available to them
provided the management and the share-holders of the company are able to
compose their differences within a period of six months."

/True copy/

(copy enclosed).

C. S. Malasundaram
Superintendent.

8/6/50

11/11/56

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NOTE TO THE BOARD OF INDUSTRIES

Sub:-- State Aid to Industries - Messrs. Purnima Straw Board and Paper Mills, Moodbidri - Grant of a loan of Rs. 80,000/-.

1706 ①

p 17-2006 (T) At the 50th Meeting of the Board of Industries held at Mangalore on the 8th and 9th November, 1948, the Board recommended the grant of a loan of Rs. 80,000/- to Messrs. Purnima Straw Board and Paper Mills Ltd., Moodbidri for the purchase of additional machinery and equipment. In G.O. Ms. No. 6142 Development, dated 11-12-1948, Government accepted the recommendations of the Board and sanctioned a loan of Rs. 80,000/- to Messrs. Purnima Straw Board and Paper Mills, Ltd., Moodbidri..

p 85-6 (B) Subsequently several petitions were received both by Govt. and by this Department from the shareholders and Directors of the Company protesting against the grant of the loan to the Company and expressing lack of confidence in the present management of the Company. Subsequent investigations revealed the existence of strong factions among the shareholders of the Company, and that the present management of the Company enjoyed the confidence of a very narrow majority of the shareholders of the Company. It was considered that unless the differences between the management and the rival group of shareholders are composed, efficient administration of the Company would well nigh be impossible. This Department recommended to Government that the loan accordingly sanctioned to the Company might be withdrawn or alternatively that its disbursement be made conditional on the execution of personal security bonds guaranteeing its repayment by the Directors and Managing Agents of the Company. Government have therefore issued orders in G.O. Ms. No. 1857 Development dated 6-5-1959 cancelling the loan sanctioned to the above Company, and have desired that the Board of Industries be apprised of the cancellation.

BV S

Dev. Dept.?

104/246

Yssue
P.M.
24.6.50
pp 17-20ct (T)
p 105ct (E)
p 85ct (B)
p 1ct

Acts and Rules - State Aid to Industries Act - M/s The Purnima Straw Board and Paper Mills Ltd., Moodbidri - Loan of Rs.80,000/- Cancellation of the grant of the loan - Reconsideration - Orders passed.

Read again: G.O.No.6142, Dev. dated 11-12-1948.
G.O.No.3560, Dev. dated 4-7-1949.
G.O.No.1857, Dev. dated 6-5-1950.

Read also: From the D.I. & C. No.S.A.3829/48 d/7-6-1950.
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G.O.No. 2525 dated 24/6/50.
Ms

p = ct

b 85ct (B)

pp 19-20ct (T)

H.E. the Governor of Madras accepts the recommendation of the Board of Industries and directs that, in modification of the orders issued in G.O.No. 1857, Dev. dated 6-5-1950, the loan of Rs.80,000/- (Rupees eighty thousand only) sanctioned to M/s The Purnima Straw Board and Paper Mills Ltd., Moodbidri in G.O.No.6142, Dev. dated 11-12-1948 be made available to the company provided the management and the share-
(to the satisfaction of the Govt.)
holders of the company are able to compose their differences within a period of six months from the date of this Order.

To the D.I. & C.
the A.G.thro the
~~the~~ Fin. Dept.
(with a copy of pp 1-5 ct)
S.F.1
s/c 1.

hsl
21-6-50

hsl
22/6/50

hsl
22/6/50

hsl
23.6.50

C.B. encl 5-1-1951.

Entered as
C.B. S.NO.
347/50.

Industries - State Aid to Industries - The Purnima Straw Board and Paper Mills Ltd., Moodbidri - Loan of Rs.80,000 sanctioned - Disbursement.

Re From the D.I. & C. No.S.A.3829/48 dated 7-6-1950.

To A.S.

In G.O.No.6142, Dev. dated 11-12-1948, a loan of Rs.80,000/- was granted to M/s The Purnima Straw Board and Paper Mills Ltd., Moodbidri under the Madras State Aid to Industries Act for the purchase of additional machinery and equipment for the factory. Some representations were received by the Government from certain Directors and share ~~holders~~ holders of the company objecting to the disbursement of the loan amount sanctioned. In G.O.No.3560, Dev. dated 4-7-1949, it was ordered that the loan amount might be disbursed to the company, subject to certain conditions to be approved by the General Body of the company. They accordingly convened a meeting of the General Body and ratified its previous proceedings as required in the G.O. at (E). Again the same Directors and share-holders of the company represented against the disbursement of the loan amount. The whole question was again examined by this Govt. in consultation with the D.I. & C., Legal and Finance Departments. It was held that there was no prospect of the company working smoothly and that it would be unsafe to give a loan from Public Funds for this company. Accordingly orders were issued cancelling the grant of the loan to the company. The D.I. & C. was also asked to inform the Board of Industries regarding the cancellation of the grant of the loan.

2. Accordingly the D.I. & C. has communicated to the Board of Industries the cancellation of the loan sanctioned to the company. The Board has considered that the industry involved is new and useful and deserves to be assisted and has recommended that the orders passed cancelling the grant of the loan may be reviewed and that the loan may be made available to them provided the management and the share-holders of the company are able to compose their differences within a period of six

p 1 cb

pp 17-20 cb (T)

pp 1-33 cb (E)

1. 105 - 1 (F)

A' 01 p 67 cb (B)

G.O. 1857. 10. 20

65 10

cb (B)

v pp 51-62 cb (B)

pp 1-47 cb (E)

A' or p 37 cb (B)

p 85 cb (C)

p 1 cb

p 3 cb

19/2/50 50746
 As already stated the loan was refused on the ground that
 there was no prospect of this company working smoothly
 and that it would be unsafe to give loan from Public Funds.
 In view of the petitions and counter-petitions received
 in the matter, it is very unlikely that the Bombay share-holders

will come to a compromise with the shareholders at Moodbidri.
 In view of the Board's recommendations, it is for consideration
 whether it may be given a trial. If so, the D.I. & C.
 may be asked to tell the company that the question of
 renewing the grant of loan by the Government will be
 considered if they are able to compose their differences
 within a period of six months to the satisfaction of the
 Government. For orders.

The suggestion
 of the Board
 may be
 accepted
 15650
 9.6.50

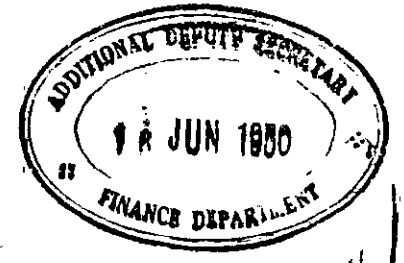
3. Finance may see for remarks.

BSA
 14.6.50
 14/6/50

15650 / 9.6.50

Finance.
 Fin (Exp A)

SW 0-0-50944 AU/001
 15-6-1950



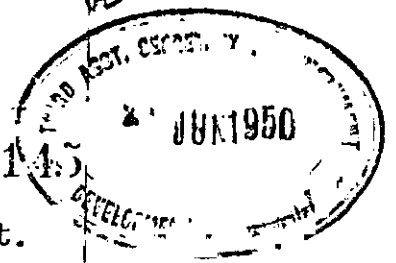
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The notes of D.I. on pages 1-2 above
 explain the case. Finance may agree
 to the proposal of D.I. to accept the
 recommendation of the Board of Industries
 on p. 3 C.F.

19.6.50
 19.6.50

19.6.50 / 11/10/50
 Dev

Fin no. 44019/5084
 19.6.50



Dev. Dept.

To A.S.

Notes from page 1 above may be perused. A draft order

Nemo is submitted below for approval.

21.6.50
 24/6/50

22650 / 9.6.50



Hn (dnd) 2316